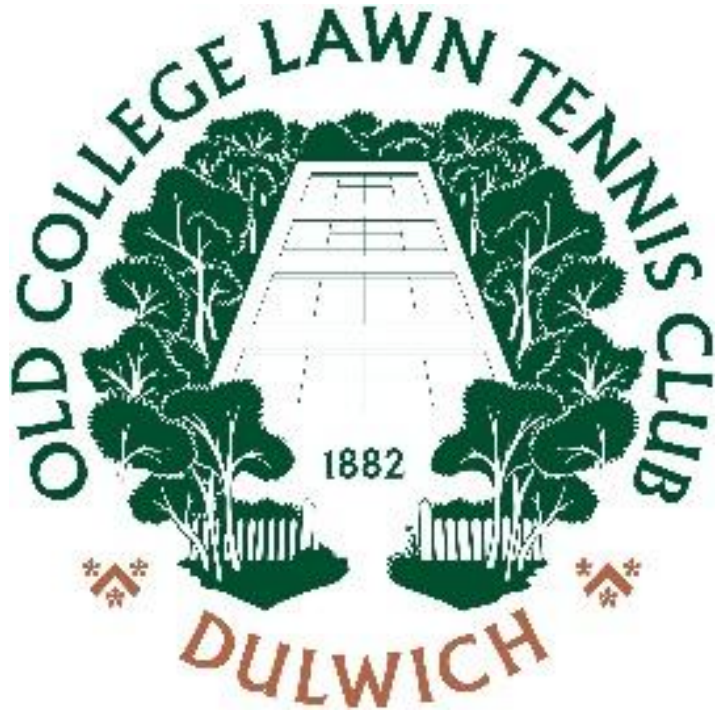
Old College Clubhouse Regeneration Project

Financial Review November 2026



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1. The Club's Approach to Financial Management

The Committee takes a prudent approach to financial management of the club's finances, considering potential risks and ensuring sufficient cash reserves to cover unexpected issues and for long term investment in our facilities. Like many small organisations we do not have a bank overdraft facility.

Member subscriptions are set annually, allowing for inflation and provision for unexpected expenses, and after comparing with other South London Clubs. We have consistently reported a surplus and typically are above budget.

The Club Committee knows that the quality of our courts is key for members. Therefore, we have an ongoing court capex plan so that the cash needed to fund court resurfacing is in the bank before considering any other investments.

Since completion of the new court we have been saving to fund a new clubhouse. Our cash reserves have built up from a low of £50K to £572K as at 30th September 2026.

The Club's Finance Manager manages the club's day to day finances and monitors income and expenses against budget. Our Treasurer oversees the management accounts and budgets. The Treasurer also prepares 10-year cashflow projections based on estimated income and expenditure and assumptions about when cash when will come in and go out.

The finances of the Club are regularly reviewed by the Committee. To give members' assurance about our financial position, budgets and year end cashflow projections are reviewed by the Club's Finance Committee, and the year end management accounts are reviewed by an Independent Examiner.

The cashflows included in this document and the underlying actuals, budgets and assumptions were reviewed by the Finance Committee on 4th November for reasonableness and approved by the Club Committee on 6th November.

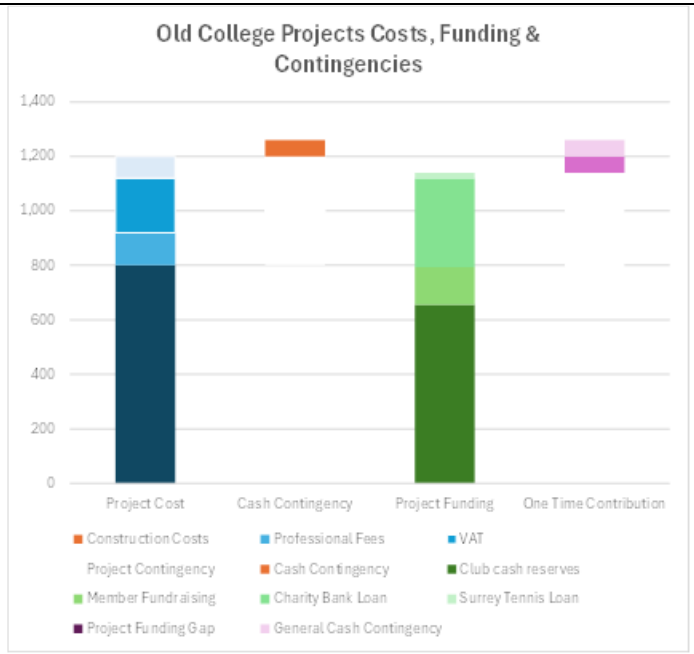
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2. Members' Summary

The Committee's Recommendation to Members is based on the following Financial Review. In determining whether the Club can afford the Clubhouse Regeneration Project there were four aspects that the Committee considered being:

- Project Costs
- Project Funds
- Making sufficient provision for unexpected expenses
- The request from members for a one-off contribution

The quantum related to each is shown opposite. The basis for these numbers and the Committee's Recommendation are explained below.



Project Costs Like members we have been concerned about the costs of this project. Until April 2026 our estimates were based on a cost square meter basis until an independent quantity surveyor undertook a stocktake of all aspects of the project and revised the construction estimate from £510K to £800K. Our Project Steering Group (PSG), which includes a professional architect, surveyor, property developer, financial director and interior designer, extensively reviewed and benchmarked this estimate. The updated estimate was agreed by PSG members and given that the design met member requirements and there was a viable funding route in sight, the Club Committee decided to proceed to tender. The submitted tenders costs ranged widely and were all higher than estimated. However, after an extensive value engineering exercise with our preferred contractor we are now at the budget construction fee of £800K (excluding VAT and fees).

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This experience and the latest inflation predictions from the Bank of England have made us very aware of construction price inflation and therefore we must lock in the price we have received as soon as possible. Even after we do that, with projects of this nature, there is always the risk that issues arise that are outside of the contractor's control. Therefore we have added a contingency of £80K. The overall project costs budget remains at the £1.2M set in April.

Project Funds With generous donations, loans and sponsorships from members and additional third parties we now have committed or near-committed funds of 95% of the estimated project cost of £1.2M. That leaves us with a funding gap of £60K.

What if there are other unexpected costs? As we have no overdraft facility and the project will use all the Club's savings there is no additional cash to cover unexpected additional expenses. Therefore, we feel it is prudent to hold a higher than normal additional cash buffer during 27/28. This could cover:

- potential delays in project delivery that are attributed to the Club,
- any emerging costs related to remediating court subsidence on court 8,
- the risk that any loans are delayed or withdrawn,
- the risk of potential interest rate changes.

The Committee has set this additional cash buffer at £60K.

A one-off request to members: To cover the project funding gap and to give the Club a general cash contingency we are seeking a contribution of £200 from each peak playing member (and proportionately less for each other category) for 2027 only. This would be payable before 31st March 2027 as part of each member's total subscription fee. There is provision for members that require financial support (see FAQ 24 for details).

Overall does the Club have sufficient cash resources for this project? The 10 year cashflows in sections 4 & 5 below show that:

- The Club generates sufficient cash from our activities net of our court capital expenditure to invest in other projects.
- With donations and loans from members, third party loans and the one-off contribution we have sufficient funds to undertake this project now and we can pay back the debt out of future operating surplus net of court CapEx.
- After repaying member loans and the Charity Bank we should have circa £187K cash in the bank by 30th Sept 2032 i.e. in six years' time.
- There is sufficient allowance for the seasonality of our income. At the end of September we must hold sufficient cash to get us through to the next subscription income. The cashflows show that we would be adequately above the minimums required.

In six years' time a future Committee can determine what to do with the cash being accumulated every year. However, this Committee is satisfied that the Club has sufficient cash resources to undertake this project. Further information and analysis to support this conclusion are in the sections below.

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3. Actual, Budget & Projected Operating Income and Expenditure

As the table below shows membership subscriptions fund the operating costs of the club and its court capital expenditure programme.

As a rule of thumb, about 50% of a members' subscription goes towards operational costs and the remainder goes towards investment in our facilities. We also receive approximately £30K annually for use of the courts by our coaching team.

The surplus is used to invest in members' tennis experience. To date this investment has been to improve our court facilities. Since the new court was completed in 2023 we have been saving surpluses for the clubhouse regeneration project.

For 26/27, with some significant exceptions we expect costs to increase in line with inflation of 3.5% with higher increases for sand, energy and rates. We have also allowed for necessary and planned increase in court maintenance work e.g. painting courts 1 &2. Therefore, we are proposing to increase the membership subscription increase by 5% for 26/27. As in previous years the surplus is earmarked for the clubhouse regeneration project.

Looking longer term we expect income and costs to increase by inflation year-by-year. After the clubhouse regeneration project is completed an increase in depreciation is assumed.

This projection assumes no changes to the status quo. In other words, that the tennis club continues to be vibrant. Current membership remains at circa 850 with the same split across membership categories and a strong coaching team. We have kept social income at current modest levels but hope that the new clubhouse will begin to generate more revenue in future. However, we have not anticipated this in the projections.

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Income & Expense % change	Actual 30-Sep-23	Actual 30-Sep-24	Actual 30-Sep-25	Actual 30-Sep-26	Forecast 30-Sep-27	Forecast 30-Sep-28	Forecast 30-Sep-29	Forecast 30-Sep-30	Forecast 30-Sep-31	Forecast 30-Sep-32	Forecast 30-Sep-33	Forecast 30-Sep-34	Forecast 30-Sep-35	Forecast 30-Sep-36
Membership Income					**5.0%**	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Tennis Income					**Flat**	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Social Income					**-50.0%**	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Expenses - Recurring					**3.5%**	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Recurring Cash Receipts & Payments														
Membership Subscriptions	145.5	169.8	190.8	210.8	200.5	206.5	212.7	219.1	225.7	232.4	239.4	246.6	254.0	261.6
Tennis Income (includes guest, floodlight & W&T fees)	46.3	45.4	49.3	50.8	51.0	51.0	52.5	54.1	55.7	57.4	59.1	60.9	62.7	64.6
Social Income from bar and kitchen	14.0	13.9	9.8	14.1	8.0	8.2	8.5	8.7	9.0	9.3	9.6	9.8	10.1	10.4
Interest Income	0.6	3.5	7.7	9.8	5.1	2.2	3.3	2.7	3.7	3.9	4.7	4.6	5.4	6.2
Non recurring ad hoc income	3.5	2.2		-	-									
Total Income	210.0	234.7	257.6	285.5	264.6	268.0	277.0	284.6	294.1	303.0	312.8	321.9	332.2	342.8
Tennis related costs - coaching services to the club e.g. drop ins, team practice, nets & balls	(18.2)	(19.6)	(21.4)	(21.9)	(26.0)	(26.8)	(27.6)	(28.4)	(29.3)	(30.1)	(31.0)	(32.0)	(32.9)	(33.9)
Ongoing Maintenance of courts, grounds, clubhouse, electricity & water & depreciation	(87.7)	(80.7)	(64.1)	(67.2)	(82.8)	(73.0)	(75.0)	(77.0)	(79.0)	(81.0)	(83.0)	(85.0)	(87.0)	(89.0)
Social related costs of bar stock, TV licence & similar	(9.9)	(10.4)	(7.5)	(9.9)	(6.2)	(6.4)	(6.6)	(6.8)	(7.0)	(7.2)	(7.4)	(7.6)	(7.9)	(8.1)
Contracted personnel (facilities, finance, cleaning)	(18.3)	(19.4)	(21.1)	(23.4)	(24.2)	(24.0)	(24.0)	(24.0)	(24.0)	(24.0)	(24.0)	(24.0)	(24.0)	(24.0)
Other costs (rates, rent, insurance)	(17.5)	(23.9)	(21.0)	(22.8)	(28.0)	(28.0)	(28.0)	(28.0)	(28.0)	(28.0)	(28.0)	(28.0)	(28.0)	(28.0)
Club project costs expensed	-	(13.1)	(7.2)	(2.1)	(2.0)	(2.0)								
Total Recurring Expenditure	(151.6)	(167.1)	(142.5)	(147.3)	(169.2)	(160.2)	(161.2)	(164.2)	(167.2)	(170.3)	(173.4)	(176.6)	(179.8)	(183.0)
Operating Surplus / (deficit)	**58.4**	**67.6**	**115.1**	**138.2**	**95.4**	**107.8**	**115.9**	**120.5**	**126.8**	**132.7**	**139.3**	**145.3**	**152.4**	**159.8**

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4. Future Court Capital Expenditure

On an annual basis our courts are maintained by tops ups of sand, regular brushing and removal of moss and leaf infill. On a periodic basis court surfaces need to be replaced. The court recarpeting schedule and estimated costs are shown opposite and are incorporated into the 10 year cashflow forecasts shown below.

Given our recent experience with construction industry inflation we have increased previous provisions by 10%.

Subsidence has been observed in court 8 which is likely due to the extreme dry weather in the summer. Current advice is to monitor and review again in the Spring. Until we know more no specific provision can be made. However, it is another risk that the Committee has factored into this financial review. See Other Risks Section below.

Court	Current Surface	Last Resurfaced	Scheduled	Cash Allocation
				£'000
Courts 1&2	Macadam	2018	2029	50
Courts 3 & 4	Lano Clay	2023	2032	55
Courts 5&6	Advantage Red	2009	2027	55
Courts 7&8	Advantage Red	2018	2029	60
Hitting wall		2024	2030	13
				233

5. Projected Cash Available for Other Investment

The starting point for each year is the cash we have in the bank. We then add in the operating surplus/deficit after adjusting for depreciation and movements in debtors & creditors, court capex & loan repayments.

The closing balance excludes amounts held in specific reserves for the schools outreach fund, the Sara Pearce memorial fund and the clubhouse regeneration project. It represents the amount of cash the club has saved for further investment in its facilities.

As you can see, assuming everything continues as is, and without spending on the clubhouse regeneration, we could have more than £1M in the bank at the end of five years and almost £2M at the end of ten years. In practice the Committees of tomorrow will never let this happen. As a not for profit, community and amateur sports club we would either spend this money or look at ways to return it to members. However, for the purposes of our decision on 17th Novemberthis demonstrates that the club's long term financial resilience remains strong.

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	Actual 30-Sep-23	Actual 30-Sep-24	Actual 30-Sep-25	Actual 30-Sep-26	Forecast 30-Sep-27	Forecast 30-Sep-28	Forecast 30-Sep-29	Forecast 30-Sep-30	Forecast 30-Sep-31	Forecast 30-Sep-32	Forecast 30-Sep-33	Forecast 30-Sep-34	Forecast 30-Sep-35	Forecast 30-Sep-36
Projected Cash at Bank	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At start of period (brought forward)	51.0	162.1	251.2	396.2	572.1	662.0	816.3	869.7	1,025.4	1,203.2	1,332.9	1,525.2	1,724.5	1,931.9
Net Operating CASH Surplus/Deficit	130.0	97.5	176.6	149.7	138.1	155.8	164.9	170.5	177.8	184.7	192.3	199.3	207.4	215.8
Reported operating surplus/(deficit) as above adj for:	58.4	67.6	115.1	138.2	95.4	107.8	115.9	120.5	126.8	132.7	139.3	145.3	152.4	159.8
add back depreciation (non cash expense)	36.5	28.0	28.0	28.6	35.0	48.0	49.0	50.0	51.0	52.0	53.0	54.0	55.0	56.0
movements in creditor balances	36.4	1.4	23.1	(8.7)	7.2									
reversal of prepaid subscriptions (from 2024)			12.2	(7.0)	(5.2)									
movement in debtors/stock/prepayment balances	(1.3)	0.4	(1.8)	(1.4)	5.7									
Capitalised costs on tennis courts	(17.4)	(6.9)		-	(55.0)		(110.0)	(13.3)		(55.0)				
less Surrey Tennis loan repayment	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)			-	-	-	-
Add back movement in specific reserves				1.4	8.3									
Funds received for clubhouse project				60.0										
Capitalised costs on clubhouse incurred to date			(30.1)	(33.8)										
Closing cash Balance (excluding schools outreach reserve)	**162.1**	**251.2**	**396.2**	**572.1**	**662.0**	**816.3**	**869.7**	**1,025.4**	**1,203.2**	**1,332.9**	**1,525.2**	**1,724.5**	**1,931.9**	**2,147.7**
Less unused Specific Reserves				(27.7)	(9.8)	(9.8)	(9.8)	(9.8)	(9.8)	(9.8)	(9.8)	(9.8)	(9.8)	(9.8)
Cash available for investment				544.4	652.2	806.5	859.9	1,015.6	1,193.4	1,323.1	1,515.4	1,714.7	1,922.1	2,137.9

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6. Factoring the Clubhouse Regeneration Project into our Cashflow Projections

The Committee has determined that in preparation for the project the Club should identify project funding of £1.2M and hold an additional cash buffer of £60K for other unexpected costs that may emerge during 27/28. These are listed below and incorporated into a 10 year cashflow that shows the net, long term impact of this project on the Club's finances.

Projected Use of Funds	**£'000**
Clubhouse Project Outgoings	
Professional fees and other costs (incl VAT)	144
Construction Costs (incl VAT)	960
Use of contingency (incl VAT)	96
Total Project Budget	1,200
Additional cash buffer for risks that may result in additional payments during 27/28 (project related or not)	60
Total Required Funds during Projects	1,260

Projected Sources of Funds	**£'000**	**£'000**
Club reserves		656
Charity Bank loan drawdowns		325
Member fundraising		138
Potential Team Surrey Loan		21
To fund remainder of project budget (our funding gap)	*60*	
Additional cash buffer for duration of project	*60*	
Proposed proceeds from one-off member contribution		120
		1,260

If all of the projected funds are used and funds are repaid as scheduled and interest rates do not change then the Committee projects that the Club would hold £184K in cash after the project is completed and loans from members and the Charity Bank are repaid.

As the Club's year end of 30th September is six months before the next year's subscriptions are due, the Committee has to ensure that we have enough to cover winter running costs. The cashflows show that cash balances should be sufficient to do this.

Further information on the key components is below the table.

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	Actual 30-Sep-26	Forecast 30-Sep-27	Forecast 30-Sep-28	Forecast 30-Sep-29	Forecast 30-Sep-30	Forecast 30-Sep-31	Forecast 30-Sep-32	Forecast 30-Sep-33	Forecast 30-Sep-34	Forecast 30-Sep-35	Forecast 30-Sep-36
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Cash Balance (excluded specific reserves)	**396.2**	**570.6**	**93.8**	**116.7**	**96.3**	**142.8**	**167.8**	**187.0**	**377.8**	**575.6**	**781.5**
Net Operating cash flows (includes Court CapEx)	**148.1**	**81.6**	**154.3**	**53.4**	**155.7**	**177.8**	**129.7**	**192.3**	**199.3**	**207.4**	**215.8**
Clubhouse Project Outgoings											
Professional fees and other costs (incl VAT)	(33.8)	**(75.5)**	(4.6)								
Construction Costs (incl VAT)	-	**(868.0)**	(92.0)								
Use of contingency (incl VAT)		**(86.8)**	(9.2)								
Financing Costs (interest & acceptance fee)		**(11.6)**	(25.7)	(23.7)	(18.8)	(10.9)	(3.0)	-			
Cash spent on clubhouse regeneration	(33.8)	(1,041.9)	(131.5)	(23.7)	(18.8)	(10.9)	(3.0)	0.0	0.0	0.0	0.0
Ad Hoc Sources of Funds											
Donations/sponsorships from members	60.0	16.0									
Loan pledges from members paid	-	62.0			(15.5)	(15.5)	**(31.0)**				
Tennis Surrey New Loan	-	20.5				(1.5)	**(1.5)**	**(1.5)**	**(1.5)**	**(1.5)**	**(1.5)**
Levy from members	-	120.0									
Cost savings/extra income		-									
Bank loan drawdowns	-	325.0									
Bank loan repayments		-		(50.0)	(75.0)	(125.0)	**(75.0)**				
Total Ad Hoc Sources of Funds	60.0	543.5	0.0	(50.0)	(90.5)	(142.0)	(107.5)	(1.5)	(1.5)	(1.5)	(1.5)
Potential use of cash buffer		(60.0)									
Projected cash at bank	570.6	**93.8**	116.7	96.3	142.8	167.8	187.0	377.8	575.6	781.5	995.8
Comparison of pre and post project cash position:											
Cash available for investment (from Op cashflow)	544.4	652.2	806.5	859.9	1,015.6	1,193.4	1,323.1	1,515.4	1,714.7	1,922.1	2,137.9
Net project cashflows	26.2	(498.4)	(629.8)	(703.5)	(812.8)	(965.7)	(1,076.1)	(1,077.6)	(1,079.1)	(1,080.6)	(1,082.1)
Other risks crystallise & cash buffer used		(60.0)	(60.0)	(60.0)	(60.0)	(60.0)	(60.0)	(60.0)	(60.0)	(60.0)	(60.0)
Cash after adjusting for CH project & other risks	570.6	93.8	116.7	96.3	142.8	167.8	187.0	377.8	575.6	781.5	995.8

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Project Costs: Our April 2026 estimate of £1.2M was based on an independent quantity surveyor's (QS's) costing of the design of £800K (including a provision for construction inflation of 5%). The remaining third covered professional fees, other costs, VAT and a general contingency to cover unknowns prior to tender.
We asked 8 contractors to tender, 5 responded.

All tenders submitted were above the April 2026 estimate. They were assessed by our independent QS on the basis of price, references and financial checks. Two were selected for interview by the PSG and Construction 4 S was selected as the preferred contractor.

After taking into account savings identified during value engineering our budget for construction remains at £800K.

Our general contingency covers the risk that site issues arise that are outside of the contractor's control and mean we could be subject to additional payments. The detailed review of the site to date, the scrutiny of costs by the PSG and the decision to retain the QS for the construction period have minimised this risk. We consider £80K to be adequate to cover this risk.

Breakdown of Estimated Costs	April 26 Overall Project Estimate		*Nov 26 Overall Project Estimate Post Tender, Post Value Engineering*	
	£'000	% of Total	£'000	% of Total
Club budget for construction costs	800	67%	800	67%
Professional Fees	110	9%	120	10%
General Contingency	90	7%	80	6%
VAT - 20% on all of the above	200	17%	200	17%
Total Costs	**1,200**	100%	**1,200**	100%
Construction cost per m2			£4,339	

Note: The cash outlays shown above of £1,170K exclude professional fees paid in the year ended 30th September 2025 of £30K.

Other Risks: Undertaking a project of this magnitude creates additional risks for the Club. The contractor selected comes with a tight delivery schedule of 20 weeks. It there are delays outside the contractor's control the Club could be subject to additional payments. In addition project finance means the Club is more exposed to increases in interest rates for the next six years.

There are also other risks that the Club faces. We have identified subsidence on court 8. The current advice is to review this in the spring. Until then we do not know whether any remedial work is necessary and, if so, how much it might cost. Insurance mitigates many but not all.

Lastly the cashflow projections are based on estimates and assumptions about when cash will come in and go out. In practice, there is a risk that the actual amounts and timings may vary.

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It is unlikely that all these risks will result in additional expense for the Club but, they do increase the risk of unexpected or unfunded cash outgoings and of the Club going into overdraft. As we have no overdraft limit, this could trigger insolvency proceedings by the bank. As directors, under UK law the Committee is responsible for managing cashflow so that the Club has sufficient cash to pay all its bills when they fall due.

For all these reasons, the Club Committee is recommending holding an additional cash buffer of £60K.

Sources of Funding: The Club has secured the following funds:

- Cash reserves of £626K. After 2027 annual membership subscriptions are received, this amount should increase to £656K, representing the aggregate bank funds requested to be allocated to the project by the first EGM resolution.
- Donations from members of £76K.
- Member commitments to lend the Club £62K before 31st December 2026 if the resolutions are passed.
- Charity Bank loan of £325K. This assumes that their conditions are met when the Club passes the resolutions. The loan payback period is projected at six years (2032).

We also applied for a new loan from Surrey Tennis of £25K. We will have to repay the remainder of the existing loan of £4.5K and therefore, if approved, a net amount of £21K as a source of funds.

We are also proposing to raise £120K from one-off member contributions to cover the residual funding gap of £60K and provide an additional cash buffer of £60K. If an adult peak member does not wish to pay this and leaves the Club then we have assumed their place will be taken by someone on our waiting list. There are currently approximately 300 persons on the waiting list. We have projected receipts from March 2027.

Cost of Debt: Member loans are interest free. We expect the Surrey Tennis loan to be interest free. Charity bank will charge us an acceptance fee of £6.2K and interest on what we draw down of Bank base rate (currently 4.0%) plus 3.9%. Based on the drawdowns and repayments below we have estimated total Charity Bank financing costs of £94K.

Level of Indebtedness: The cashflow shows maximum borrowings would be £407.5K or 34% of the projected cost of the regenerated clubhouse. This is well within acceptable loan to value ratios. Total loans as % of total reserves (gearing ratios) are expected to be circa 45% of statutory or not cash reserves. These measures decrease from 30th September 2028.

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Appendix 1: Frequently Asked Questions

1: How did we arrive at the £1.2M estimate?

Summary: Early in 2024 the committee thought it would be sufficient to refurbish the existing facility. However it became apparent that significant remedial work on electrics, plumbing and drainage was needed. This work would trigger compliance with current LTA requirements and building regulations which would mean toilets and changing rooms would need to cover a bigger area and be reconfigured. In addition, as membership had doubled in size we needed a larger social space and an area for coaches. The current kitchen and bar arrangements were also deemed to be in need of updating, inadequate for club social events as well as creating potential fire hazards.

The option to 'regenerate and expand' was selected. It was also recognised that this was a one-off opportunity to set up the Club for the future. This conclusion was supported by surveys and member feedback. Over time the design changed to increase the area by 70% and costs went up.

Early estimates were based on informed cost per meter squared as indicated below. In early 2026 after planning permission had been received an independent quantity surveyor reviewed the costs. The estimates increased as follows for the reasons given below:

Breakdown of Estimated Costs	Jan-24	Feb-25		April 26 Estimate	
	£'000	£'000	% of Total	£'000	% of Total
Total Construction Costs	139	510	73%	800	67%
Fees and other Costs	46	70	11%	110	9%
Contingencies	22	4		90	8%
VAT on all of the above	41	117	16%	200	17%
Total Costs	248	700	100%	1,200	100%

Jan 2024: £248K: Preliminary options were discussed with members - indicative costings were based on desk research i.e. online estimators https://calculator.bcis.co.uk

The recommended option was refurbishment of the existing design only. But this did not cover drains and other remedial work. There was no wheelchair access.

During 2024 a feasibility report was prepared, member feedback was listened to and revised indicative costs reviewed. The Committee considered whether extension and regeneration or refurbishment only would best meet the needs of members' for the long term. Extension and regeneration's new design would

increase the social area to 57m^2 and that would come with extra cost. Although the Committee preferred that option the attitude of Southwark Council planners was unknown and therefore it was decided to ask them before pursuing this further.

Feb 2025 £700K: As Southwark raised no substantive issues on pre planning application, the revised plan and costs were discussed with members. Construction costs increased to cover the increased area. A contingency of £70K was added because the specification was not yet finalised. Costs were still based on per m^2 and to cover the risk of additional unknowns.

April 2026 £1.2M: Based on independent QS of design that had received planning permission. This still had to be tested by the tender process. The main reasons for the increased construction costs were:

- Footprint of extension increased by a further 9% - circa £52K
- Construction inflation of 7.2% - circa £59K
- Inclusion of preliminaries, overheads & profits and contractor contingencies for the first time £174K

There were consequent increases in architects' fees and VAT. To allow for updates in these estimates a provision of £90K was considered prudent.

2. What professional fees have been incurred?

Professional fees incurred to 30th September 2026 are £104K after VAT. The table below show fees by year.

	2024	2025	2026	Total
Clubhouse Fees Capitalised to date	-	30,124	51,667	81,791
Clubhouse Fees Expensed to date	13,061	7,249	2,125	22,435
Total Clubhouse Project Costs	**13,061**	**37,374**	**53,791**	**104,226**
Of which				
BSA	10,800	25,992	47,467	84,259
Other	2,261	11,382	6,325	19,968
	13,061	**37,374**	**53,791**	**104,226**

Professional fees prior to the planning permission application were expensed because the outcome of the Committee's investigations were unknown. When it became more likely that the project would go ahead and the Club would have enduring benefits from these fees, they were classified as an asset and capitalised.

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The project budget includes additional professional fees of £54K before VAT. This covers architectural advice during construction and quantity-surveyor services, plus specialist-engineer advice as needed.

3. What is the VAT position?

We cannot recover VAT on this project, so our estimates include 20% VAT on contractor and fee quotes and contingencies.

We do not have enough relevant income to register for VAT, and member subscriptions are VAT exempt. Some operating costs include VAT, but VAT compliance would cost more than the VAT we pay.

As a result, VAT directly affects clubhouse regeneration costs, unlike many commercial projects.

4. What about other taxes?

Our CASC status exempts the Club from UK corporation tax and treats it as a charity for donations.

To keep Community and Amateur Sports Club (CASC) status, we must invest in facilities for members and the community. If we invest too little, we could lose that status.

5. What if the courts were flooded for a prolonged period or there was a fire?

We insure against material damage to our courts and facilities along with business interruption, and we will take out Construction All Risks insurance for the clubhouse project.

Insurance also protects us against additional risks. The LTA Venues policy covers public liability, employers' liability, D&O and professional indemnity.

6. Could members become liable if the Club runs out of money?

If the Club becomes insolvent, each member's liability is limited to £1 (one pound) because the Club is a company limited by guarantee.

The Club Committee is responsible under UK law for managing its finances so all its bills can be paid as they fall due.

As a small organisation without a bank overdraft, this is done on a prudent basis. Our governance and financial-controls policy require this.

7. What happens to the member or statutory reserves shown in the management accounts?

The project changes the mix of our assets, but it does not change member or statutory reserves.

We use accrual accounting, so cash in the bank is different from the non-cash member or statutory reserves in the management accounts. We capitalise significant improvements, such as court resurfacing and clubhouse improvements, as fixed assets because they give members enduring benefits.

When we use cash for these investments, we hold less cash and more fixed assets, and members get better facilities. All things being equal, total assets retain the same value, and member or statutory reserves do not change.

To ensure we hold enough cash reserves, we regularly prepare and review a 10-year cash-flow forecast on a prudent basis. This helps us check that we have enough cash for future needs. For the EGM these are set out in the Financial Review document. On an annual basis they are included in AGM papers.

8. What about court wear and tear?

In accordance with UK accounting practice the Club recognises significant club improvements such as court resurfacing have enduring benefit for members are consequently they are capitalised as fixed assets in the balance sheet. Over time, the courts and other fixed assets will be subject to wear and tear and therefore, their original costs are written off over their expected useful life and this is shown as a depreciation charge in the statement of income and expenditure. Depreciation is a non-cash item and therefore is excluded from the 10 year cashflows shown in the Financial Review.

It is important that the Club has enough cash in the bank to enable the club facilities to continue to meet LTA standards and members' expectations. This is the purpose of the long term, 10-year Capital Expenditure plan that is monitored by the Club Committee and reviewed by members at each Annual General Meeting.